One of Biggest Business Scandals in Fairbury

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One of Fairbury's most significant business scandals occurred in 1927 when the Claudon State Bank failed, and the President of the Bank went on the run for four years before being arrested for bank fraud. This story began with the birth of Andrew Baechler Claudon in France in 1846. In 1867, A. B. Claudon emigrated from France to Chenoa. He then moved to Fairbury in 1869.

In 1873, Nicholas B. Claudon, brother of A. B. Claudon, emigrated to Chenoa. Nicholas then started the mercantile firm of Stuckey & Claudon in Danvers. He then established the Claudon Brothers grain elevator company in Fairbury with A. B. Claudon.

A. B. Claudon married Mary "Mollie" Alice McDowell in 1877. They had five children. A. B. Claudon Sr. started the Claudon State Bank in Fairbury in 1891. Mr. Claudon was 45 years old. He was a well-known Fairbury businessman since he had been in the grain elevator business since 1869. Mr. Claudon built a new bank building at the northeast corner of Fourth and Locust Streets. Today, this building is the Lost in Time restaurant.

A. B. Claudon Jr. graduated from Fairbury Township High School in 1906. He attended the University of Illinois and then joined his father's bank as the Cashier.

In 1909, A. B. Claudon Jr. married Bethel Ruth Brewer. In 1912, he created a will leaving his estate to his wife. In 1915, Dan Brewer Claudon, the only child of A. B. and Bethel Claudon, was born.

1923 was a big year in Fairbury's banking history. The Walton Banking Company was sold to the Fairbury Bank. The Commercial State Bank of Fairbury also decided to sell out to the Fairbury Bank. After these transactions, there were three banks left in Fairbury. The three banks included the Fairbury Bank, the Farmer's State Bank of Fairbury, and Claudon State Bank.

In 1926, Bethel Claudon died at the age of 37. Son Dan B. Claudon was just ten years old when his mother died. When the year 1927 arrived in Fairbury, A. B. Claudon was 80 years of age. Son A. B. Claudon Jr. was 38 years old and was the bank's Cashier. Another son, Nelson Jay Claudon, was Vice-President of the Bank.

In April of 1927, A. B. Claudon Jr. wrote a new will. He named his sister, Alice "Bessie" Claudon, executrix for his estate. The will named widow Caroline Keller as guardian for his son Dan B. Claudon. Mr. Claudon likely met Caroline Keller after his wife died in 1926.

The problems for the Claudon State Bank all started when A. B. Claudon Jr. drove from Fairbury to a bank in East Peoria for a business meeting in early May. He left Fairbury after 8 PM and finished the meeting by 10 PM. He did not return to Fairbury until early Tuesday morning. At 5 AM on Tuesday morning, Wes Hanson found Mr. Claudon asleep in his chair at his home. Wes drove Mr. Claudon's car to Chicago Tuesday morning per a previous agreement. Later Tuesday morning, eleven-year-old son Dan Claudon jumped upon his father's lap in the chair. When Mr. Claudon was unresponsive, a doctor was called.

Doctors then determined that Mr. Claudon was in a coma. The doctors were unable to determine what had caused the coma. Claudon Bank closed on Wednesday and Thursday due to A. B. Claudon Jr.'s comatose condition. Fairbury citizens became nervous about the soundness of Claudon bank because of the mysterious circumstances around the bank Cashier's unconscious condition. The bank remained closed on Thursday. Because of the rumors and lack of public confidence in the bank, the Claudon Bank directors called in a Chicago state bank examiner. The bank never reopened.

On Friday, the bank board of directors placed an ad in the Blade stating that Claudon State Bank was still a safe banking institution. On Sunday, Cashier A. B. Claudon came out of a five-day-long coma. By Wednesday, Mr. Claudon seemed to be recovering from his illness. He ate food, had visitors to his home, and talked to friends on the telephone. Unfortunately, A. B. Claudon Jr. died Sunday evening at the age of 38.

The Coroner's Jury ruled that his death was due to an unknown poisonous drug administered to him by an unknown person. Mr. Claudon was buried in Graceland Cemetery. In late June, the state bank auditor issued a report concluding that Claudon State Bank was in terrible condition. The audit found several different types of illegal activities at the bank. The auditors found that A. B. Claudon Jr. forged paperwork that created fictitious loans to Fairbury residents.

In October of 1927, A. B. Claudon Sr. and his son, N. J. Claudon, were indicted for bank fraud charges, and arrest warrants were issued. Nelson Jay Claudon was arrested and then released on bail. Eighty-year-old Andrew B. Claudon fled the area and could not be found by authorities. In early 1928, Nelson Jay Claudon was found not guilty in a jury trial. Although he was Vice-president of the bank, he had relatively little to do with the bank's business operations. In 1931, depositors at the Claudon State Bank received 45% of the original amount they deposited.

After being a fugitive for over four years, A. B. Claudon Sr. was arrested at a St. Louis hotel and returned to the Pontiac jail for trial in August 1931. The Livingston County Sheriff said he was charged with accepting deposits while knowing the bank was insolvent. The Sheriff said $80,000 was missing from the bank. A. B. Claudon's wife became very ill in the summer of 1931, and she died on September 31. A. B. Claudon likely let himself be captured so he could see his sick wife before she died.

In November, the Ford County Press announced the trial of A. B. Claudon Sr. had been delayed until January of 1932. No record can be found of a trial being held in 1932. In August of 1932, A. B. Claudon died of a heart attack at the home of his son in Fairbury, N. J. Claudon. The funeral was held at the home of A. B. Claudon at 503 South Fifth Street.

There are several unanswered questions regarding the death of A. B. Claudon Jr. and the bank failure. One question is whether A. B. Claudon Jr. was murdered or committed suicide. Another question is why there was never a trial held for A. B. Claudon Sr. Maybe someday, some of these questions will be answered.

Claudon Bank building built by A. B. Claudon in 1893. Now the Lost in Time restaurant.